

SAN DIEGO COUNTY ECONOMIC FORECAST

San Diego County, the southern-most county in California, has a population of just over 3.1 million people and has 1.2 million wage and salary jobs. The average salary per worker is \$74,539, while the per capita income is \$49,418. San Diego County has a diverse economy with a strong tourism sector, a sizeable defense industry, and a bustling technology cluster. The U.S. Navy is the largest employer.

San Diego County's tourism industry has made significant strides since the fallout of 2008-2009, but has still not completely recovered. Hotel occupancy rates, as well as average room prices, are off of their 2009 lows, but are still significantly below pre-recession levels. However, this is similar to the performance of the broader statewide tourism sector, as both business and recreational travel are still recovering from the recession.

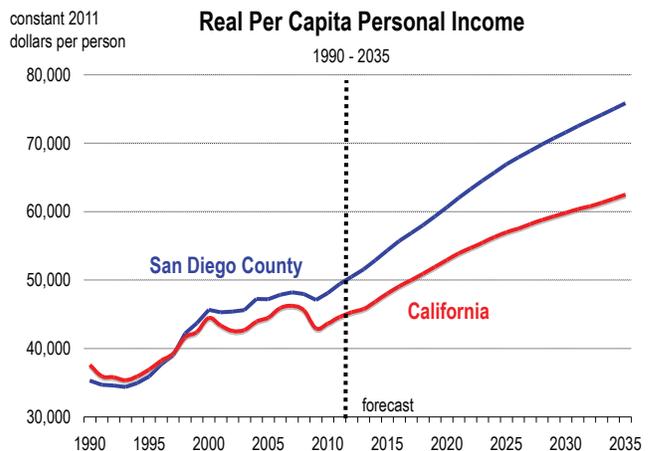
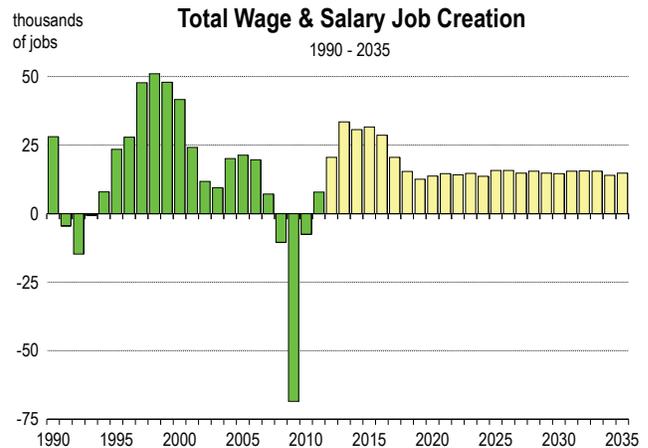
During 2011, San Diego was characterized by job growth of 0.6 percent, compared to 0.7 percent growth across all of Southern California. Over the past year, San Diego County added a total of 7,900 wage and salary jobs, and the unemployment rate dropped from 10.5 percent to 10.0 percent.

Across the major employment sectors, growth was mixed in 2011. In general, the largest gains occurred in the region's core industries, including professional services (+3,800 jobs), education and healthcare (+3,600 jobs), and leisure and hospitality (+2,100 jobs). Retail trade added an additional 1,500 jobs. The largest losses were in government (-2,000 jobs), information (-1,000 jobs), agriculture (-500 jobs), and transportation and utilities (-400 jobs).

From 2006-2011, the population of San Diego County grew by 5.4 percent, an annual average rate of 0.9 percent. This growth was largely a result of the natural increase (new births), as net migration was virtually flat. Over the next few years, net migration should accelerate, as San Diego County experiences relatively robust job growth in high-paying sectors.

FORECAST HIGHLIGHTS

- Job growth averages 1.7 percent in 2012. From 2012 to 2017, the average annual growth rate is 2.1 percent.
- Average salaries are currently well above the California state average, and will remain so over the foreseeable future. Real average salaries will rise an average of 1.0 percent per year from 2012 to 2017.
- Several industries will be characterized by robust employment growth over the next five years. Professional and business services, information, and construction are expected to grow by more than 20 percent, while the leisure and hospitality industry will increase by roughly 17 percent.

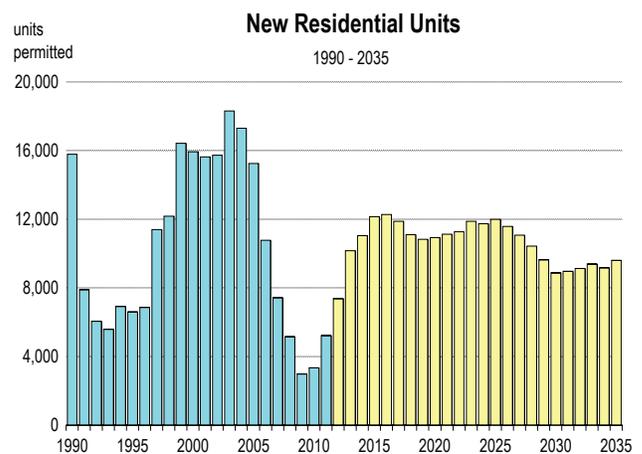
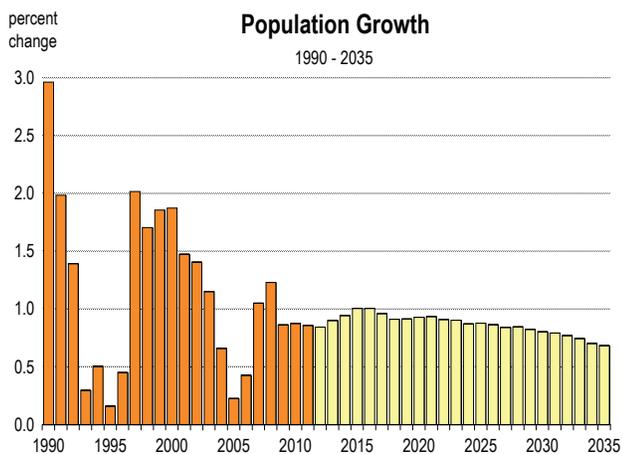


- Population growth remains consistently positive, at approximately the same level observed in recent years. Annual growth in the 2012 to 2017 period averages 0.9 percent.
- From 2012 to 2017, total net migration is positive but moderate, averaging just over 4,600 people per year.
- Real per capita incomes increase at a rate of 2.2 percent in 2012. An annual compound rate of 2.4 percent is forecast from 2012 to 2017.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.2 percent per year from 2012 to 2017.
- Industrial production is expected to increase by 3.1 percent in 2012, and by an average of 2.8 percent per year from 2012-2017.

San Diego County Economic Forecast

2006-2011 History, 2012-2040 Forecast

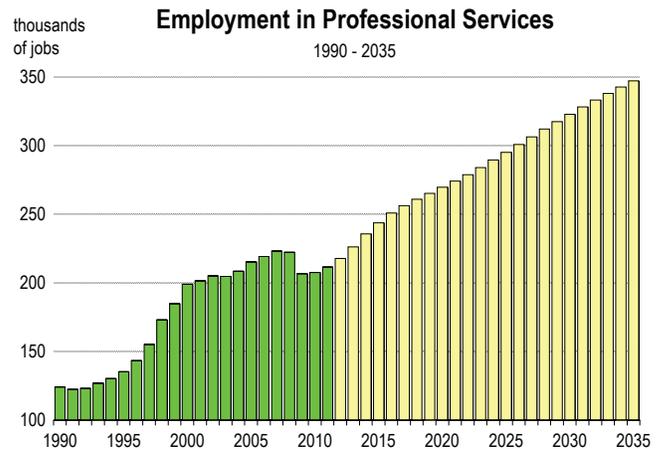
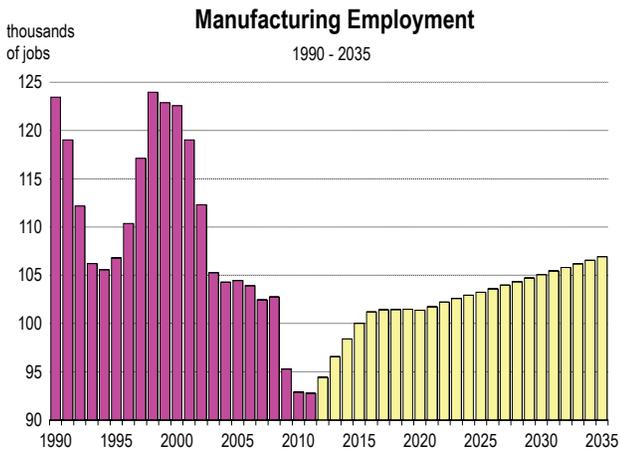
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	2,982,816	-13,669	2.64	1,058.7	10,777	\$47.8	\$129.6	\$47,860	4.3	1.61	19.3	4.0
2007	3,014,165	3,410	2.64	1,067.0	7,445	\$47.5	\$136.2	\$48,199	3.3	1.64	19.2	4.6
2008	3,051,262	8,830	2.64	1,074.8	5,154	\$45.3	\$142.0	\$47,940	3.5	1.60	20.2	6.0
2009	3,077,633	-480	2.65	1,083.6	2,990	\$39.7	\$139.6	\$47,103	-0.8	1.61	19.9	9.6
2010	3,104,581	1,480	2.67	1,086.0	3,346	\$41.6	\$145.5	\$48,090	1.2	1.70	21.1	10.5
2011	3,131,254	713	2.69	1,090.3	5,234	\$43.9	\$154.7	\$49,418	2.6	1.69	21.3	10.0
2012	3,157,699	1,060	2.71	1,095.9	7,383	\$45.9	\$162.8	\$50,486	2.1	1.71	21.9	9.0
2013	3,186,188	2,972	2.74	1,102.9	10,175	\$48.4	\$171.6	\$51,573	2.2	1.73	22.4	7.9
2014	3,216,304	4,596	2.78	1,112.6	11,042	\$50.7	\$181.7	\$52,878	2.3	1.74	23.0	7.2
2015	3,248,640	6,706	2.83	1,123.1	12,148	\$53.7	\$192.3	\$54,316	2.0	1.75	23.7	6.5
2016	3,281,367	6,991	2.88	1,134.7	12,284	\$56.8	\$203.0	\$55,705	1.9	1.76	24.4	5.9
2017	3,312,927	5,408	2.92	1,146.4	11,884	\$59.5	\$213.1	\$56,840	1.9	1.76	25.1	5.4
2018	3,343,129	3,888	2.96	1,157.7	11,109	\$62.2	\$223.5	\$58,009	1.8	1.76	25.9	5.1
2019	3,373,710	4,006	2.99	1,168.3	10,835	\$64.9	\$234.4	\$59,295	1.7	1.76	26.7	4.8
2020	3,405,037	4,700	3.02	1,178.6	10,940	\$67.9	\$245.7	\$60,639	1.5	1.76	27.6	4.5
2021	3,436,915	5,595	3.05	1,189.1	11,127	\$71.2	\$257.5	\$62,029	1.5	1.76	28.3	4.5
2022	3,468,221	5,256	3.08	1,199.7	11,269	\$74.4	\$269.5	\$63,298	1.6	1.76	28.9	4.4
2023	3,499,540	5,598	3.10	1,210.4	11,879	\$77.5	\$281.9	\$64,533	1.7	1.76	29.6	4.4
2024	3,530,085	5,041	3.13	1,221.7	11,734	\$80.8	\$294.8	\$65,737	1.8	1.76	30.4	4.4
2025	3,561,073	5,718	3.16	1,232.9	11,996	\$84.8	\$308.2	\$66,899	1.8	1.76	31.3	4.4
2026	3,591,866	5,746	3.18	1,244.3	11,589	\$88.7	\$321.4	\$67,912	1.9	1.76	32.1	4.4
2027	3,622,122	5,469	3.21	1,255.3	11,074	\$92.8	\$334.9	\$68,873	1.9	1.76	32.9	4.4
2028	3,652,797	5,830	3.24	1,265.9	10,445	\$97.0	\$348.7	\$69,824	1.9	1.76	33.8	4.3
2029	3,682,955	5,498	3.26	1,275.8	9,648	\$101.3	\$362.9	\$70,735	1.9	1.76	34.7	4.3
2030	3,712,544	5,185	3.29	1,285.0	8,881	\$105.7	\$377.4	\$71,618	1.9	1.76	35.7	4.3
2031	3,741,952	5,104	3.32	1,293.5	8,966	\$109.8	\$392.3	\$72,504	1.9	1.76	36.6	4.3
2032	3,770,848	4,824	3.35	1,302.0	9,138	\$113.9	\$407.4	\$73,341	1.9	1.76	37.6	4.3
2033	3,798,978	4,412	3.37	1,310.7	9,397	\$118.1	\$422.8	\$74,164	1.9	1.76	38.6	4.3
2034	3,825,667	3,327	3.40	1,319.7	9,182	\$122.2	\$438.5	\$74,983	1.9	1.75	39.7	4.2
2035	3,851,858	3,093	3.43	1,328.4	9,602	\$126.3	\$455.0	\$75,841	1.9	1.75	40.7	4.2
2036	3,876,381	1,860	3.45	1,337.6	9,191	\$130.3	\$471.8	\$76,672	1.9	1.75	41.8	4.2
2037	3,899,977	1,130	3.48	1,346.3	8,766	\$134.5	\$489.0	\$77,508	1.9	1.75	43.0	4.2
2038	3,923,131	876	3.50	1,354.7	8,755	\$138.8	\$507.0	\$78,390	1.9	1.75	44.1	4.2
2039	3,945,664	426	3.53	1,363.0	9,198	\$143.0	\$525.7	\$79,325	1.9	1.75	45.3	4.2
2040	3,967,149	-432	3.55	1,371.8	9,422	\$0.0	\$544.9	\$80,291	1.8	1.75	44.9	4.1

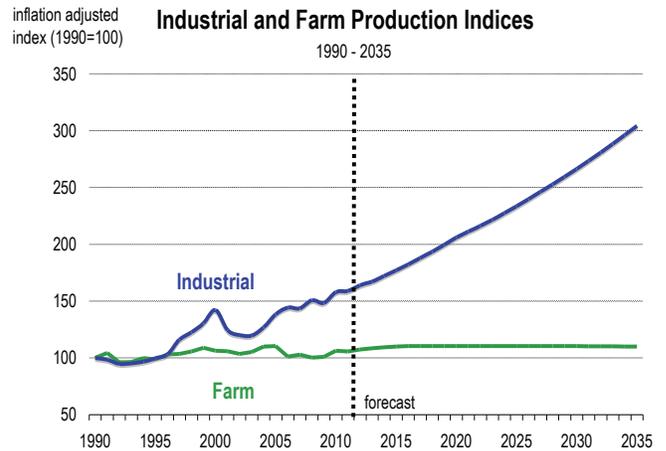
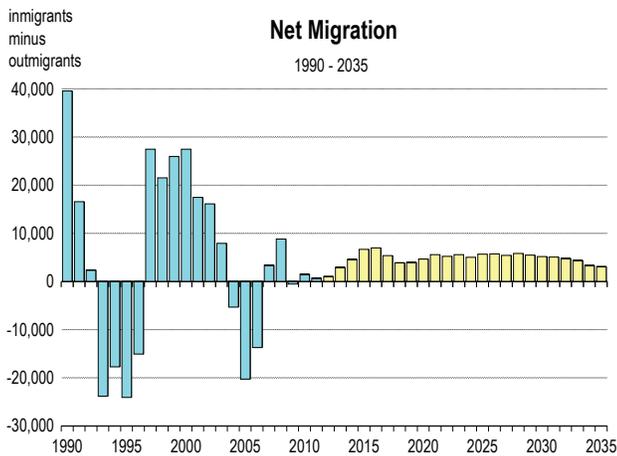
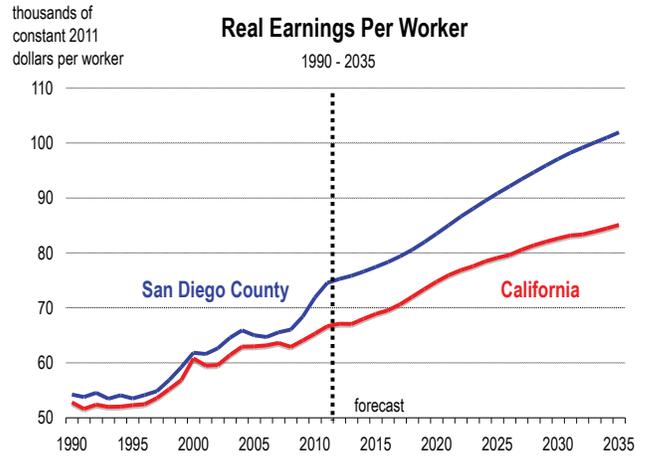
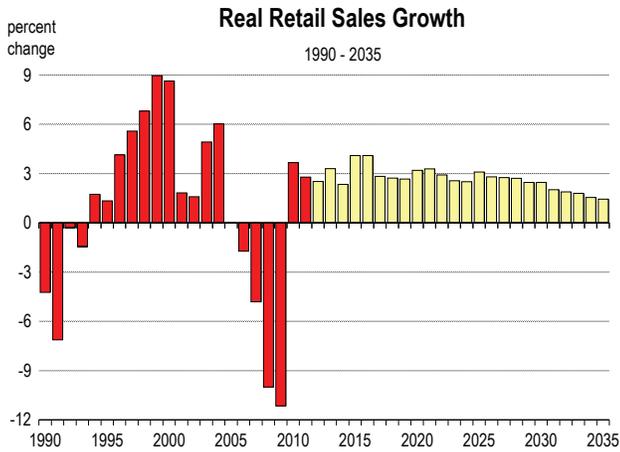


San Diego County Employment Forecast

2006-2011 History, 2012-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2006	1,312.5	10.92	92.7	103.9	28.7	193.3	83.7	219.2	31.7	125.1	156.5	217.9
2007	1,319.7	10.87	87.0	102.5	28.8	193.5	80.3	223.2	31.3	129.5	161.8	222.4
2008	1,309.3	10.53	76.1	102.8	29.0	186.9	75.2	222.3	31.4	137.3	164.0	225.1
2009	1,240.9	9.48	61.1	95.3	27.4	172.2	69.8	206.8	28.2	144.3	154.8	224.5
2010	1,233.3	10.53	55.3	92.9	26.5	170.7	67.2	207.7	25.1	145.5	154.8	230.4
2011	1,241.2	10.04	55.2	92.8	26.1	172.9	66.8	211.5	24.0	149.1	156.9	228.4
2012	1,261.8	10.06	57.8	94.4	26.5	177.0	67.1	217.8	25.8	152.7	160.0	224.2
2013	1,295.3	10.07	61.8	96.6	27.0	180.3	67.3	226.3	27.9	155.0	164.0	229.3
2014	1,326.0	10.07	65.6	98.4	27.8	183.5	67.5	235.7	29.5	157.7	168.3	230.8
2015	1,357.7	10.07	67.8	100.0	28.6	187.9	67.7	243.9	31.0	161.1	173.6	233.4
2016	1,386.3	10.06	68.8	101.2	29.3	192.8	67.9	251.0	32.0	164.0	179.2	236.2
2017	1,406.9	10.06	68.3	101.4	29.7	196.3	68.1	256.4	32.6	166.5	183.9	238.6
2018	1,422.3	10.05	67.4	101.5	30.4	198.7	68.3	261.0	33.0	169.0	186.6	240.6
2019	1,434.9	10.05	67.1	101.5	31.2	200.9	68.5	265.4	33.3	171.7	187.4	241.3
2020	1,448.6	10.05	68.2	101.4	32.3	203.7	68.6	269.7	33.5	174.2	187.4	242.2
2021	1,463.2	10.04	69.9	101.7	33.3	206.6	68.7	274.2	33.6	176.3	187.2	243.5
2022	1,477.4	10.04	71.7	102.2	34.1	209.6	68.7	279.0	33.4	178.2	186.7	244.7
2023	1,492.1	10.04	74.0	102.6	34.8	212.3	68.9	284.2	33.2	180.3	186.1	245.8
2024	1,505.7	10.03	74.4	102.9	35.5	214.8	69.0	289.6	33.5	182.6	185.2	247.4
2025	1,521.6	10.03	75.8	103.2	36.2	217.7	69.1	295.2	33.9	184.9	184.7	249.2
2026	1,537.4	10.03	76.5	103.6	36.8	220.4	69.2	300.9	34.4	187.3	184.7	251.2
2027	1,552.2	10.03	76.8	104.0	37.2	223.1	69.3	306.5	34.8	189.6	184.5	253.2
2028	1,567.7	10.02	76.7	104.3	37.8	225.7	69.3	312.1	35.3	192.1	184.9	255.2
2029	1,582.6	10.02	75.9	104.7	38.4	228.2	69.4	317.7	35.6	194.7	185.6	257.3
2030	1,597.2	10.02	74.9	105.1	38.9	230.6	69.5	323.0	35.9	197.4	186.4	259.5
2031	1,612.7	10.02	75.8	105.5	39.5	232.8	69.6	328.3	36.1	200.1	187.3	260.8
2032	1,628.3	10.02	77.3	105.8	40.1	234.9	69.7	333.3	36.4	202.7	188.3	262.1
2033	1,643.8	10.03	78.8	106.2	40.7	236.8	69.9	338.2	36.7	205.4	189.1	263.5
2034	1,657.9	10.03	79.2	106.6	41.3	238.6	70.0	342.8	37.0	208.0	189.9	264.8
2035	1,672.7	10.03	80.7	106.9	41.9	240.4	70.1	347.2	37.4	210.7	190.7	266.1
2036	1,685.9	10.03	80.7	107.3	42.5	242.0	70.3	351.7	37.8	213.4	191.5	267.4
2037	1,698.9	10.03	80.5	107.7	43.2	243.6	70.4	356.2	38.1	216.1	192.3	268.7
2038	1,712.9	10.03	81.2	108.1	43.8	245.1	70.5	360.7	38.6	218.8	193.0	270.0
2039	1,727.7	10.04	82.6	108.4	44.5	246.7	70.7	365.3	39.0	221.5	193.7	271.3
2040	1,741.9	10.04	83.5	108.8	45.1	248.1	70.8	369.9	39.4	224.2	194.4	272.7





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	20.9 %
Expected job growth:	13.5 %
Fastest growing jobs sector:	Information
Expected personal income growth:	21.7 %

Expected population growth:	5.8 %
Net migration to account for:	15.3 %
Expected growth in number of vehicles:	8.6 %

Demographics

Unemployment rate (March 2012)	9.6 %
County Rank* in California (58 counties):	10th
Working age (16-64) population:	67.0 %

Population with B.A. Degree or higher:	34.5 %
Median Home Selling Price:	\$317,131
Median Household Income:	\$59,919

Quality of Life

Violent Crime rate (2010):	359 per 100,000 persons
County Rank* in California (58 counties):	26th
Average Commute Time to work (2012):	26.7 minutes

High School drop out rate (2009):	14.3 %
Households at/below poverty line:	8.3 %

* The county ranked 1st corresponds to the lowest rate in California